

Message Text

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ACTION EA-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-01
INR-10 NSAE-00 ICA-20 TRSE-00 XMB-04 OPIC-06
SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-07
CEA-01 /103 W

-----023945 200045Z /14

R 180344Z MAY 78
FM AMEMBASSY TAIPEI
TO SECSTATE WASHDC 7467
INFO AMEMBASSY SEOUL
AMCONSUL HONG KONG
USLO PEKING

UNCLAS TAIPEI 03082

E.O. 11652: N/A
TAGS: EFIN, TW
SUBJECT: THE ROC ECONOMY IN 1978

1. DIRECTORATE-GENERAL OF BUDGETS, ACCOUNTING AND STATISTICS (DGBAS) HAS COMPILED AND MADE AVAILABLE TO EMBASSY PRELIMINARY STATISTICS FOR THE FIRST QUARTER OF 1978, AND PROJECTIONS FOR THE SECOND QUARTER. ACCORDING TO THESE STATISTICS, THE GNP GREW BY 10.2 PERCENT IN REAL TERMS IN THE FIRST QUARTER, IN COMPARISON WITH THE FIRST QUARTER OF 1977. DGBAS PREDICTS THAT THE REAL GROWTH RATE IN THE SECOND QUARTER WILL ALSO BE ABOUT 10 PERCENT. TRANSLATIONS OF THE NATIONAL ACCOUNTS TABLES DESCRIBED BELOW ARE BEING POUCHED TO THE DEPARTMENT.

2. NATIONAL ACCOUNTS--EXPENDITURE APPROACH.FIXED CAPITAL FORMATION IN THE PUBLIC SECTOR DECLINED BY 13.3 PERCENT IN REAL TERMS IN THE FIRST QUARTER THIS YEAR, COMPARED WITH THE SAME PERIOD LAST YEAR, AND IS PROJECTED TO DECLINE BY 9 PERCENT IN THE SECOND QUARTER OF 1978. HOWEVER, THE SURGE IN EXPORTS (TAIPEI 2887) HAS SPURRED
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INVESTMENT ACTIVITY IN THE PRIVATE SECTOR, WHERE FIXED CAPITAL FORMATION INCREASED BY 22.78 PERCENT IN THE FIRST QUARTER AND IS EXPECTED TO INCREASE AT THE SAME RATE IN THE SECOND QUARTER. EXPORTS OF GOODS AND SERVICES FOR THE FIRST QUARTER EXPANDED BY 20.15 PERCENT (TO US DOLLARS 2.8 BILLION) AND 21.11 PERCENT (TO US DOLLARS 2.5 BILLION) RESPECTIVELY, IN CURRENT PRICES, RESULTING IN A TRADE

SURPLUS OF US DOLLARS 260 MILLION.

FOR THE SECOND QUARTER, THE DGBAS ESTIMATES THAT EXPORTS WILL INCREASE BY 21 PERCENT TO US DOLLARS 3.1 BILLION, WITH IMPORTS RISING 16 PERCENT TO US DOLLARS 2.8 BILLION.

3. NATIONAL ACCOUNTS--PRODUCT APPROACH. INDUSTRIAL PRODUCTION ACCOUNTED FOR 45.25 PERCENT OF THE GROSS DOMESTIC PRODUCT (GDP) IN THE FIRST QUARTER OF 1978, UP SLIGHTLY FROM 44.48 PERCENT IN THE SAME PERIOD LAST YEAR. THE OUTPUT OF THE MANUFACTURING SECTOR INCREASED BY 15.3 PERCENT, IN REAL TERMS. GROWTH RATES FOR OTHER INDUSTRIAL SECTORS WERE AS FOLLOWS: CONSTRUCTION, 12.36 PERCENT; UTILITIES, 9.05 PERCENT; AND MINING, 8.16 PERCENT. THE AGRICULTURAL SECTOR'S SHARE OF THE GDP DECLINED FROM 11.58 PERCENT TO 10.86 PERCENT OF THE GDP. AGRICULTURAL OUTPUT INCREASED BY 1.18 PERCENT IN REAL TERMS IN THE FIRST QUARTER. UNGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC CONDITIONS, ECONOMIC DATA
Control Number: n/a
Copy: SINGLE
Draft Date: 18 may 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978TAIPEI03082
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780212-0272
Format: TEL
From: TAIPEI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780543/aaaabjze.tel
Line Count: 80
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: e67e169b-c288-dd11-92da-001cc4696bcc
Office: ACTION EA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2645871
Secure: OPEN
Status: NATIVE
Subject: THE ROC ECONOMY IN 1978
TAGS: EFIN, TW
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/e67e169b-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014